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PUBLIC UTILITIES
COMMISSION

June 17, 2008

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, HI 96813
Attention: Stacey Kawasaki Djou, Esq.
Ms. Karen Higashi

re: Docket No. 2008-0115, In the matter of Molokai Public Utilities, Inc., Wai'ola O
Moloka'i, Inc. and Mosco, Inc.

To the Public Utilities Commission

I am writing on behalf of Molokai Properties, Limited ("MPL"). This will acknowledge receipt of your Order ("the Order") Instituting a Proceeding To Provide Temporary Rate Relief to Molokai Public Utilities, Inc., Wai'ola O Moloka'i, Inc. and Mosco, Inc., which will collectively be referred to as "the Utilities. By the Order, the Commission has opened a proceeding for temporary rate relief for the Utilities and has proposed certain interim increases for the Utilities to produce additional revenue. The adequacy of the Commission's proposed increases is not the subject of this letter, and we expect that the Utilities will be addressing that question in their response.

As you know, MPL is not a public utility and does not hold any certificates of public convenience or necessity issued by the Commission. Consequently, MPL was surprised to be identified in the order as "a party to this proceeding." Our review of Section II A of the Order, which discusses the statutory basis of the Commission's authority, reflects that the Commission has the power to *examine into* transactions between public utilities and other corporations, but does not reflect any grant of authority to the Commission over companies that are not public utilities with respect to temporary rate relief proceedings or any other non-investigatory matter. On the contrary, HRS §269-6, which you have cited in the Order, makes clear that the general supervision authority of the Commission is limited to "all public utilities." Consequently, we do not believe the Commission has the authority to name MPL as a party to the proceeding, as it purports to do in Sections II C and II E of the Order. For the same reason, we do not believe the Commission has any authority to make determinations of "other parties deemed to be responsible (for penalties)" that are not public utilities, as referenced in the last paragraph of the Order. It appears that the Commission is claiming a jurisdiction it does not possess.

We recognize that the Order may have been intended merely as an invitation to MPL to participate in the temporary rate relief proceeding as an entity that has an indirect ownership

interest in the Utilities. Although the courtesy of that invitation is appreciated, MPL will not be participating. The proceeding is one involving the Utilities, not MPL.

We request that you acknowledge that you share our understanding of the scope of the Commission's authority with respect to MPL. Please be aware that MPL also reserves all other rights and defense in connection with the proceeding.

Sincerely;

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Daniel E. Orodener
General Manager & General Counsel
Molokai Properties Limited
(808) 534-9509

cc: Catherine Awakuni, Executive Director
Division of Consumer Advocacy, DCCA